

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-38-C - ORDER NO. 2006-304
MAY 26, 2006

IN RE: Application of TQC Communications Corp.) ORDER
for a Certificate of Public Convenience and) GRANTING
Necessity to Provide Interexchange) CERTIFICATE, AND
Telecommunications Services and for) APPROVING MODIFIED
Alternative Regulation) ALTERNATIVE
) REGULATION

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of TQC Communications Corp. ("TQC" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide interexchange services within the State of South Carolina. The Company's Application was filed pursuant to Chapter 9 of Title 58 of the South Carolina Code, and the rules and regulations of the Commission. By its Application, TQC also requests modified alternative regulation of its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified by Order No. 2001-997, and the waiver of certain Commission regulations.

The Commission's Docketing Department instructed TQC to publish, one time, a Notice of Filing and Hearing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing and Hearing was to inform interested parties of the Application of TQC and of the manner and time in which

to file the appropriate pleadings for participation in the proceeding. TQC complied with this instruction and provided the Commission with proof of publication of the Notice of Filing and Hearing.

A hearing was convened on April 10, 2006, at 10:00 a.m. in the offices of the Commission in Columbia, South Carolina, before David Butler, Hearing Examiner. TQC was represented by John J. Pringle, Jr., Esquire. The Office of Regulatory Staff (ORS) was represented by Jeffrey M. Nelson, Esquire. Prior to the presentation of testimony, it was announced that TQC and ORS had reached a settlement. The Settlement Agreement is attached hereto as Order Exhibit 1. (Both the Settlement Agreement and a Revised Tariff were entered into the record of the case as exhibits.)

Buddy Pack, Consultant to the Company, appeared and testified in support of the Application. Pack testified that he had full authority to testify on behalf of the Company. The record reveals that TQC is a corporation organized in the State of Florida and has registered to transact business in the State of South Carolina.

TQC's services will be offered twenty-four hours per day, seven days a week. Mr. Pack explained the Company's request for authority, and the record further reveals the Company's services, operations, and marketing procedures. TQC seeks authority to operate as a reseller of intrastate interexchange telecommunications services to the public on a statewide basis and to offer a full range of "1+" interexchange telecommunications services on a resale basis. Specifically, TQC seeks authority to provide MTS, out-WATS, in-WATS, and calling card services to both business and residential customers, in addition to operator services. The Company requests authority to provide inmate services,

although witness Pack states that the Company does not intend to offer such services at the present time. The Company does not intend to offer pre-paid debit card services.

Mr. Pack also discussed TQC's technical, financial, and managerial resources to provide the services for which it seeks authority to provide. Mr. Pack offered that TQC possesses sufficient financial resources to support its operations in South Carolina.

With regard to management and technical capabilities, the Company's Application and Mr. Pack's testimony both evidence that TQC's management team has extensive experience in both marketing and communications. Mr. Pack also testified that TQC will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders.

Mr. Pack offered that approval of TQC's Application would serve the public interest by increasing the level of competition in South Carolina. Mr. Pack, on behalf of the Company, requests a waiver of 26 S.C. Code Ann. Regs. 103-610 and to be allowed to keep the Company's books at its headquarters in Florida. Further, the Company requests an exemption from record keeping policies that require maintenance of financial records in conformance with the Uniform System of Accounts (USOA). TQC maintains its books in accordance with Generally Accepted Accounting Principles (GAAP). In addition, the Company requests that it not be required to publish local exchange directories, and therefore requests waiver of 26 S.C. Code Ann. Regs. 103-631. Also, TQC requests that it not be required to file an Operating Area Map with the Commission, since it intends to offer its services through the geographic service areas of the incumbent local exchange

carriers in the State of South Carolina. Thus, the Company also requests a waiver of 26 S.C. Code Ann. Regs. 103-612.2.3.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. TQC is organized under the laws of the State of Florida as a corporation and is authorized to do business in the State of South Carolina by the Secretary of State.
2. TQC desires to operate as a reseller of interexchange telecommunications services in South Carolina.
3. We find that TQC possesses the managerial experience and capability to operate as a non-facilities based reseller of interexchange services in South Carolina.
4. We find, based on the financial records and balance sheets submitted, that TQC possesses sufficient financial resources to provide the services as described in its Application.
5. We find that the issuance of a Certificate of Public Convenience and Necessity to TQC to operate as a reseller of interexchange telecommunications services in South Carolina would be in the best interest of the citizens of South Carolina by increasing the level of competition in South Carolina, and by increasing consumer awareness of options and services available, thereby encouraging growth and success of competitive services.

6. TQC has no plans to maintain offices in South Carolina and requests a waiver of 26 S.C. Code Ann. Regs. 103-610. The Commission finds TQC's requested waiver reasonable and understands the difficulty presented to TQC should the waiver not be granted. Further, we find that a waiver of 26 S.C. Code Ann. Regs. 103-610 to be in the public interest. We also believe that exemption from the policies that would require the Company to keep its records under the USOA is reasonable. Additionally we find that waivers of 26 S.C. Code Ann. Regs. 103-631 and 103-612.2.3 are reasonable and in the public interest.

7. TQC has the managerial, technical, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. The Commission concludes that TQC possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.

2. The Commission concludes that approval of TQC's Application to provide intrastate telecommunications services within South Carolina will serve the public interest by enhancing competition in the State of South Carolina by offering additional service offerings to South Carolina's consumers and by providing for efficient use of existing telecommunications resources.

3. The Commission concludes that the issuance of the authority to provide intrastate interexchange telecommunications services as requested by TQC and as set

forth in its Application, is in the best interests of the citizens of the State of South Carolina.

4. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to TQC to provide intrastate interexchange telecommunications services.

5. The Commission adopts a rate design for TQC for its resale of residential interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

6. TQC shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. TQC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a

general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2005).

7. The Commission concludes that TQC's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the

Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission.

8. With regard to the provision of inmate calling services, the Company must also complete a PSP Application under Docket No. 1985-150-C, and have it approved by this Commission prior to offering such services. Should such approval occur, for intraLATA inmate toll calling, TQC shall not charge rates any greater than the rates charged by the local exchange carrier at the time a call is placed. For interLATA toll calls, TQC shall not charge rates greater than the rates charged by AT&T Communications-South Carolina. Additionally, automated collect calls shall only be completed with the affirmative acceptance by the called party. The Company shall not impose any property-imposed fee on calls originating from inmate/confinement facilities. For inmate calling services, call detail information submitted to the local exchange company for billing purposes must include the telephone number associated with the Pay Telephone Access Line as assigned by the local exchange company.

For intrastate 0+ operator-assisted and calling card calls originated from pay telephones (if authority is granted) outside confinement facilities and aggregator locations, TQC may not impose an operator service charge greater than the intrastate charges then currently approved for AT&T. For the usage portion of the call, TQC may not charge more than the intrastate rates charged by AT&T or BellSouth at the time the call is completed.

TQC should be allowed to incorporate in its tariff a surcharge (property imposed fee) on operator-assisted and calling card calls not to exceed \$1.00 for calls originated

from payphone (if authority is granted and excluding pay telephones associated with inmate calling service) and from aggregator locations only if the property owner has not added a surcharge already. That is, TQC may not impose an additional surcharge to calls originating from payphones (if approval is granted) and from aggregator locations if a property owner has already imposed such a surcharge. If such a surcharge is applied on behalf of a property owner, the Company should pay the surcharge in its entirety to the property owner. Further, if the surcharge is applied, the user should be notified of the imposition of the surcharge. This notification should be included in the information pieces identifying the Company as the operator service provider.

TQC is required to provide information pieces to pay telephone service providers (if authority is granted) or property owners identifying the Company as the provider of operator service for authorized calls originated from the location. TQC is required to brand all calls identifying itself as the carrier. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C. For the provision of operator services, TQC shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534, issued in Docket No. 93-026-C.

9. We conclude that TQC's request for waiver of 26 S.C. Code Ann. Regs. 103-610 should be granted as strict compliance with the regulation would cause undue hardship on TQC. We also grant exemption from the policies requiring the use of USOA. In addition, we grant waivers of 26 S.C. Code Ann. Regs. 103-631 which requires

publication of a local telephone directory and 26 S.C. Code Ann. Regs. 103-612.2.3 which require the filing of operating area maps.

10. The Settlement Agreement between the parties should be approved. It is attached hereto as Order Exhibit No. 1.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to TQC to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission,.

2. TQC's rate designs for its products shall comport to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, TQC shall file its revised tariff and an accompanying price list for any applicable rates within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations, as well as the provisions of the Settlement Agreement and the revised tariffs filed as a hearing exhibit.

4. TQC is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

5. With regard to the TQC's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. TQC shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If TQC changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA, TQC shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, TQC shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

8. TQC shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, TQC shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at www.psc.sc.gov/reference/forms.asp. The title of this form is "Telecommunications

Company Annual Report.” This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at <http://www.regulatorystaff.sc.gov/>, and the appropriate form is entitled “Gross Receipts Form.”

9. TQC shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, TQC shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. TQC shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at www.psc.sc.gov/reference/forms.asp; this form shall be utilized for the provision of this information to the Commission and ORS. Further, TQC shall promptly notify the Commission and ORS in writing if the representatives are replaced.

10. TQC is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

11. At the hearing, TQC requested a waiver of 26 Code Ann. Regs. 103-610 (Supp. 2005), which requires that records required by the Commission's Rules and Regulations be maintained in South Carolina. The record reveals that TQC's principal headquarters will be located outside of South Carolina. TQC requests permission to maintain its books and records at its headquarters in its home office. The Commission finds TQC's requested waiver reasonable and understands the difficulty presented to TQC should the waiver not be granted. The Commission therefore grants the requested waiver that TQC be allowed to maintain its books and records at its principal headquarters. However, TQC shall make available its books and records at all reasonable times upon request by the Office of Regulatory Staff, and TQC shall promptly notify the Commission and ORS if the location of its books and records changes.

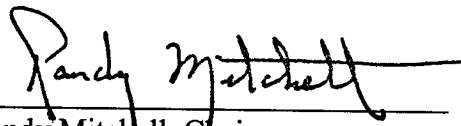
12. TQC also requests that it be exempt from record keeping policies that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (USOA). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, TQC maintains its book of accounts in accordance with Generally Accepted Accounting Principles (GAAP). GAAP is used extensively by interexchange carriers. Accordingly, TQC requests an exemption from the USOA requirements and the applicable regulation. We grant the TQC's request for the reasons stated above. We also grant the TQC's request to waive 26 S.C. Code Ann. Regs. 103-631 and 103-612.2.3, because of the unusual difficulty that TQC would have in complying with these regulations.

13. Each telecommunications company certified in South Carolina is required to file annually the Intrastate Universal Service Fund (USF) worksheet. This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than **August 15th** with the Commission and ORS.


14. The Settlement Agreement between the parties is hereby approved.

15. This Order shall remain in full force and effect until further notice by this Commission.

BY ORDER OF THE COMMISSION:


Randy Mitchell, Chairman

ATTEST:


G. O'Neal Hamilton, Vice-Chairman

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-38-C

FILED
2006 APR -5 PM 4:09
COMMUNICATIONS

In Re:

**Application of TQC Communications)
Corp. for a Certificate of Public)
Convenience and Necessity to Authorize)
It to Provide Interexchange)
Telecommunications Services and for)
Alternative Regulation First Approved)
In Docket No. 95-661 as Modified in)
Docket No. 2000-407-C)**

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and TQC Communications Corp., ("TQC" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on January 25, 2006, TQC filed its Application requesting a Certificate of Public Convenience and Necessity to operate as a reseller of telecommunications services within the State of South Carolina and for Modified Alternative Regulations for its business service offerings and all calling card services offerings within the State pursuant to Orders No.95-1734 and 96-55 in Docket No. 95-661-C and as modified by Order No. 2001-997 in Docket No. 2000-407-C;

WHEREAS, on February 7, 2006, the Public Service Commission of South Carolina ("the Commission") appointed Mr. David Butler as the Hearing Examiner in this matter;

WHEREAS, on March 16, 2006, TQC pre-filed the direct testimony of Buddy Pack t with the Commission;

WHEREAS, the Commission scheduled this matter to be heard before Hearing Examiner David Butler on April 10, 2006 at 10:30 am;

WHEREAS, the purpose of this proceeding is to review the application filed by TQC and its request for a Certificate of Public Convenience and Necessity to provide resold intrastate interexchange communications services and for alternative regulation for its business service offerings in South Carolina;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the Application and the financial data provided by the Company and its parent, and ORS has calculated certain performance ratios based upon information provided by the Company;

WHEREAS, ORS has investigated the services to be offered by TQC and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by TQC;

WHEREAS, as a result of its investigations, ORS has determined a) TQC intends to offer telecommunications services such as presubscribed and casual calling service, toll-free inbound service, travel card service, and operator-assisted services; b) the officers of TQC possess sufficient technical and managerial abilities to adequately provide the services applied for; c) based upon the information provided and the analysis performed, TQC appears to have access to sufficient financial resources necessary to provide the services proposed in its application; d) certain revisions should be made to TQC's proposed tariffs in order to comply with Commission statutes and regulations; e) the services provided by TQC will meet the service standards required by the Commission; f) the provision of services by the Company will not

adversely impact the availability of affordable telecommunications services; g) to the extent it is required to do so by the Commission, TQC will participate in the support of universally available telephone service at affordable rates; and h) the provision of interexchange services by TQC will not adversely impact the public interest;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree that TQC's Application and exhibits to the Application are incorporated into this Settlement Agreement and made a part hereof;
- 2) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony and exhibit of TQC Witness Pack without cross-examination by ORS;
- 3) TQC agrees to submit into the record before the Commission revised tariffs in accordance with ORS recommendations as set forth in Exhibit 1 to this Settlement Agreement and incorporated herein;
- 4) TQC agrees to provide, and has already submitted, financial data which was provided as Exhibit 4 to its Application and which is incorporated by reference;
- 5) TQC agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, TQC agrees to adhere to the Federal Communication Commission rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable

document. Prior to abandonment of service, TQC shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

- 6) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide access services and resold interexchange telecommunications services within the state of South Carolina;
- 7) ORS does not oppose the Company's request for waivers of 26 S.C. Code Ann. Regs. 103-610, 26 S.C. Code Ann. Regs. 103-611, 26 S.C. Code Ann. Regs. 103-612.2.3, and 26 S.C. Code Ann. Regs. 103-631;
- 8) ORS does not oppose the Company's request that all of its telecommunications offerings be regulated as described in its application pursuant to the procedures set out in Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C;
- 9) TQC agrees to resell the services of only those interexchange carriers authorized to do business in South Carolina by the Commission. TQC agrees to notify ORS and the Commission, in writing, if the Company changes underlying carriers;
- 10) TQC agrees that the Company will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;
- 11) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting;

- 12) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

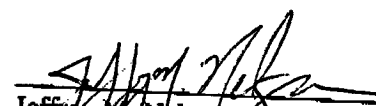
- 13) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.
- 14) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement

Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.

- 15) This Settlement Agreement shall be interpreted according to South Carolina law.
- 16) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

WE AGREE:

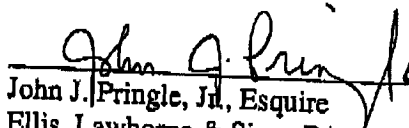
Representing the Office of Regulatory Staff


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4/6/06
Date

WE AGREE:

Representing TQC Communications, Inc.


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Email: jpringle@ellislawhorne.com

4/05/06
Date

EXHIBIT 1

TQC Communications Corp. Docket No. 2006-38-C Tariff Review Page 1 (Rogers)

Exhibit 5 – Proposed Tariff (IXC)

SC PSC Tariff No. 1

Section 2 – Rules And Regulations

2.7 – Taxes and Fees

2.7.1 – Original Page 15 – “For all calls, state and local taxes (i.e., ~~gross receipts tax~~, sales tax, municipal utilities tax) are listed as separate line items on the Customer’s bill and are not included in the quoted rates and charges set forth in this tariff.”

Suggest deleting the term “gross receipts tax.” Assessments levied against utility companies for funding regulation, such as gross receipts, are not an allowable line item pass-through to consumers in South Carolina.

2.7.2 – Original Page 16 – “To the extent that a municipality, other political subdivision or local agency of government, or Commission imposes upon and collects from the Company ~~gross receipts tax~~, occupation tax, license tax, permit fee, franchise fee, or regulatory fee, such as taxes and fees shall, insofar as practicable and allowed by law, be billed pro rata to Customers receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.” Suggest deleting the term “gross receipts tax.” Assessments levied against utility companies for funding regulation, such as gross receipts, are not an allowable line item pass-through to consumers in South Carolina.

2.10 – Payment for Service

2.10.1 – Original Page 19 – “Service is provided and billed on a monthly basis. Bills are due and payable upon receipt. A late fee of 1.5% per month (or the maximum amount allowed by law, whichever is lower) applies to any unpaid and past due balance. ~~The late fee begins to accrue on the date the bill is due.~~ All late charge provisions will be implemented in compliance with the Commission rules and regulations pertaining to the application of late fees.” Suggest revising the language in the fourth sentence of this subsection to state: “The late fee may be added to any unpaid balance brought forward from the previous billing date to cover the cost of collection and carrying accounts in arrears.”

2.11 – Deposits – Original Page 20 – “The Company does not require deposits for South Carolina services ~~on prepaid calling cards.~~ Suggest that the Company modify the language in this subsection. This subsection appears to indicate that the Company will require deposits on prepaid calling cards. This practice would seem highly inappropriate in the fact that the monies for prepaid calling cards are collected in advance. There would be no justification for requiring a deposit under these circumstances.

TQC Communications Corp. Docket No. 2006-38-C Tariff Review Page 2 (Rogers)

Exhibit 5 – Proposed Tariff (IXC)
SC PSC Tariff No. 1

2.21 – Tests, Pilots, Promotional Campaigns and Contests – Original Page 29 – *“The Company may conduct special tests, pilot programs, waivers and promotions to demonstrate the ease of use, quality of service and to promote the sale of its services. Such tests, pilot programs, waivers and promotions will be implemented after notification to the SC PSC and ORS in form of a transmittal letter (not within the body of the tariff).”* **Suggest revising the language in the last sentence of this subsection to state: “Such tests, pilot programs, waivers and promotions will be implemented after notification to the SC PSC and ORS in form of a transmittal letter (not within the body of the tariff).”**

Section 3 – Description Of Services And Rates

3.9 – Operator Service Inmate Pay Phones – Original Page 37 – *“TOC provides collect- only Inmate Telecommunications Services to inmate-end users of TOC pay telephones in correctional institutions. Such services are available from TOC pay telephones located in local, county, state and federal correctional institutions and through resold transmission facilities procured by TOC from local exchange carriers and interexchange carriers. Payment of charges applicable to the provision of such services is the responsibility of the billed party.”* **Suggest that the Company clarify the type of dialing arrangement for its Operator Service Inmate Payphones. Per Commission Order No. 91-122 in Docket No. 90-305-C, the only acceptable means of call placement was 0+ Automated Collect using store and forward technology. The processing of such call on a 0- basis does not appear to conform to the aforementioned Order. Additionally, the Company should clarify if they intend to carry all three types of traffic authorized by an intrastate certificate (i.e., Local, IntraLATA and InterLATA). Accordingly, rate tables should be published with the pricing for the types of traffic. Local traffic under Inmate Service is not intended to be offered on a measured basis but only on a flat rated basis per call.**

3.10 – Operator Service Inmate Pay Phones and Call Processing Systems – Original Page 38 – *“TOC provides Inmate Telecommunications Services to inmate-end users of TOC pay telephones and call processing systems in correctional institutions. Such services are available from TOC pay telephones and all processing systems located in local, county, state and federal correctional institutions and through resold transmission facilities procured by TOC from local exchange carriers and interexchange carriers. Payment of charges applicable to the provision of such services is the responsibility of the billed party. Payment of charges applicable to the provision of such services is the responsibility of the billed party.”* **Suggest that the Company address the same issues brought forth in the preceding subsection. Additionally, in this subsection, certain language is highlighted in the third sentence which may be a typographical error.**

TOC Communications Corp. Docket No. 2006-38-C Tariff Review Page 3 (Rogers)

Exhibit 5 –Proposed Tariff (IXC)
SC PSC Tariff No. 1

3.11 and 3.12 – Operator Service Inmate Call Processing Systems/ Operator Service Standard and Inmate – Original Page 39 – Suggest that the Company address the same issues outlined in subsections 3.9 and 3.10. Additionally, request that the Company provide supplemental language in the tariff with an explanation of the differences between subsections 3.9, 3.10, 3.11 and 3.12.

3.15 – Direct Dial Intrastate I Service – Original Page 42

Direct Dial Rates

	<u>Residential (Intrastate/IntraLATA)</u>		<u>Direct Dial</u>
<u>CLBC</u>	<u>.0500</u>	<u>ROCKFORD</u>	<u>.0490</u>
<u>CLBC</u>	<u>.0490</u>		<u>.0470</u>
<u>CLBC</u>	<u>.0475</u>		<u>.0450</u>
	<u>Business</u>		
<u>CLBC</u>	<u>.0490</u>	<u>ROCKFORD</u>	<u>.0450</u>
<u>CLBC</u>	<u>.0470</u>		<u>.0420</u>
<u>CLBC</u>	<u>.0450</u>		<u>.0400</u>
<u>CLBC</u>	<u>.0430</u>		<u>.0380</u>

Suggest that the Company clarify the application of the Direct Dial Rates in subsection 3.15 outlined in the above table. Toll rates must be uniform statewide. If this is not the case, then the Company should revise the schedule to avoid deaveraging of rates.

TQC Communications Corp. Docket No. 2006-38-C Tariff Review Page 4 (Rogers)

Exhibit 5 –Proposed Tariff (IXC)
SC PSC Tariff No. 1

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3.15 – Direct Dial Intrastate I Service (Cont'd) – Original Page 43

Toll Free #s same rate: .0300/MRC

Billing in six (6) second increments.

Monthly access fee Residential: .03190

	Dedicated		
CLIC	.0325	RG-Long Distance	.028
CLIC	.0310		.027
CLIC	.0300		.026
CLIC	.0290		.025

Special Rates Long Distance Direct Dial Rates for Residential:

.0690 = 25 connection charge per call

Onetime setup charge: .0390, regardless of order of service

Suggest that the Company provide an explanation of the above listed rates. The same concerns pertaining to deaveraging exist alluded to in the table on Page 42. Additionally, suggest that the Company clarify the type of service these rates are applicable. The term "Dedicated" is used, which typically indicates business rates; however, "Monthly access fee Residential" is found directly above the rate table. Furthermore, the term "Toll Free #'s" is also found within this subsection which possibly indicates that this may be an 800 type dedicated service offering. The text and rates below the rate table appear to have some relationship to the rate table; however, suggest Company clarify how these rates apply (wholesale, retail, etc.)

TQC Communications Corp. Docket No. 2006-38-C Tariff Review Page 5 (Rogers)

Exhibit 5 – Proposed Tariff (IXC)
SC PSC Tariff No. 1

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Section 4 – Maximum Rates – Original Page 44

4.1 – Operator Service Pay Telephones; 4.1.1 – Fixed Service Charges; 4.2 – Operator Services Hotel – Original Page 44 - Suggest that the Company consider removing the rates and charges (maximum) in these subsections due to the fact that all appear to fall under the umbrella of hospitality and/or transient Operator Service Orders issued by the Commission (Order No. 88-612 and Order No. 93-534) The allowable maximum rates fluctuate with the pricing of the Operator Service rates of AT&T Communications, LLC; this also allows for Current Pricing adjustments. Furthermore, the Company should provide a rate category for the placement of " Customer Dialed Calling Card Station" calls independent of all other OSP traffic to comply with Commission Order No. 2001-997.

4.4 – Operator Service Inmate Pay Phones; 4.4.1 – Fixed Service Charges – Original Page 46 – Suggest that the Company remove Maximum rates from the tariff. The allowable maximum rates are governed by Order No. 91-122 which was addressed in the suggestions found in Section 3; specifically subsections 3.9, 3.91, 3.10, 3.11 and 3.12.

4.5 – ~~Business~~ – Original Page 47 – "TQC provides 1+ access to end users from Feature Group D circuits. These services are provided through resold services from underlying carriers. These services will be billed directly by the Company to the end user."

~~Business~~ and Residential Rates

<u>Per Minute</u>	<u>Volume Discount</u>
<u>\$0.1900</u>	<u>None</u>

Suggest that the Company review the title of subsection 4.5, "Business", and ensure that the title is appropriate. The Company has requested in its application Alternative Regulatory treatment which eliminates any Maximum Rates (caps) for such services. It would appear that possibly "Residential Rates" would be appropriate for the Per Minute and Volume Discount shown this subsection.

4.6 – Travel Service & Debit Card Services – Original Page 47, Original Page 48 and Original Page 49 – Suggest that the Company remove all Maximum rates for Travel & Debit Card Services consistent with Alternative Regulation.

TQC Communications Corp. Docket No. 2006-38-C Tariff Review Page 6 (Rogers)

Exhibit 5 – Proposed Tariff (IXC)
SC PSC Tariff No. 1

Section 4 – Maximum Rates (contd) – Original Page 49 and Original Page 50

4.7 – Direct Dial Intrastate I Service – Original Page 49 and Original Page 50 – Suggest that the Company remove Maximum rates related to Business Services consistent with Alternative Regulation. Additionally, the same concerns expressed in subsection 3.15 should be addressed (Rate deaveraging and clarification of the schedules).

Section 5 – Promotions

5.2 – Promotions – General - Original Page 51 – “From time to time, the Company may provide promotional offerings to introduce a current or potential Subscriber to a service not being used by the subscriber. These offerings may be limited to certain dates, times or locations and may waive or reduce recurring or non-recurring charges.” Suggest inclusion of language in this subsection to state: “Prior to implementation, all promotional offerings will be filed in the form of a transmittal letter (not within the body of the tariff) with the Commission and ORS.”

**Suggest that the Company include language in the tariff pertaining to unresolved customer complaints and/or disputes. An example of the suggested language is stated in the following: “In the event of an unresolved dispute or complaint, the Customer may contact the Consumer Services Department of the ORS for assistance. The contact information for such is listed below:

Office of Regulatory Staff
State of South Carolina
Consumer Services Department
P.O. Box 11263
Columbia, SC 29211
Telephone Number -803-737-5230
Toll Free Number – 1-800-922-1531
Fax Number – 803-737-4750

Additionally, suggest that the Company include in the tariff a regulatory contact person with the address and toll free telephone number. This information should be kept current at all times. **